
CONSUMER COMPLIANCE EXAMINATIONS II

Type of Participant Targeted

Consumer Compliance Examinations II (CA II) is designed for Federal Reserve System consumer compliance examiners with six to twelve months of examination experience and other System professionals who work with residential real estate consumer laws and regulations. *All assistant examiners involved in the consumer affairs specialty must complete this course before being commissioned.*

Prerequisites

Participants should have:

- Completed the CA I course
- Read CA Letter 03-13: “Revised Risk-Focused Consumer Compliance Supervision Program Procedures”
- Completed the following computer-based training (CBT) modules:
 - 7042 Regulation Z: Real Estate Lending Disclosures (*180 minutes*)
 - 9008 Residential Mortgage Regulations: Complying with RESPA (*60 minutes*)
 - 9011 Residential Mortgage Regulations: Complying with the Flood Disaster Protection Act (*30 minutes*)
- **Proficiency with your Reserve Bank’s calculation tool** that is used to calculate payment streams/amortization schedules for the following loan types: fixed rate real estate, adjustable rate mortgage (ARM) real estate and temporary/permanent construction loans.
- **Proficiency with the OCC APR calculation software program.** This microcomputer program should be loaded on their laptop computer or on a disk.
- Completed a **written precourse assignment** that takes *approximately 2 ½ hours* to complete.

Course Overview

CA II equips assistant examiners with the fundamental skills necessary to determine a bank's compliance with the basic aspects of consumer laws and regulations, including real estate.

Participants will also learn about System policies on all major aspects of a risk-focused examination including the various regulatory requirements associated with residential real estate lending, including APR calculations.

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There will be no formal, paper-based testing during the course. In place of the traditional testing, participants will be evaluated through pre-course assignments, online learning modules and in-class exercises.

Course Objectives

After completing this 4 1/2-day course, the participant, at a minimum, will be able to complete the following objectives.

- Discuss basic risk-focus supervision concepts and key elements of the System's Risk-focused Supervision Program
- Apply System policies and procedures to assess compliance with consumer laws and regulations related to open- and closed-end real estate lending
- Identify and cite violations of consumer laws and regulations using the Federal Regulatory Service and other System resources
- Participate in the real estate lending portion of a consumer compliance examination of institutions supervised by the Federal Reserve.

Post-Course Intervention

After completing CA II, the participant should be given on-the-job assignments that will increase the retention of the competencies presented during class. Such on-the-job assignments may include the following:

- Assist in a consumer compliance examination focusing on the regulations covered during this course.
- Assist in preparing examination reports and workpapers.
- Participate in examination interviews.

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Overview of CA II Curriculum

Subject	Approximate Class Hours	Homework Hours
Course Overview/Icebreaker	.75	*
Introduction to Risk-focused Supervision	.50	--
Real Estate Lending Overview	.75	--
Real Estate Loan File	.25	--
Fixed Rate Purchase Money Products	16.50	--
Non-Purchase Money Real Estate Loans & HOEPA	3.50	--
Adjustable Rate Mortgages	6.00	--
Multiple Advance Construction Loans	2.00	--
Open-end, Home Equity Lines of Credit	2.00	--
Reimbursement Policy Guide	3.00	--
Total	35.25	--

*Homework for this course consists of daily unfinished in-class exercises

Class Size

The optimal class size for CA II is 15 participants. To provide sufficient variety of interaction among class participants, the minimum class size is 10 participants. Because CA II incorporates many in-class exercises and some topics require specialized subject matter expertise to present instructional material, sufficient instructors are available to assist individuals and small groups. Accordingly, to ensure a manageable instructor workload and maintain a reasonable participant-to-instructor ratio, a maximum class size is 25 participants.

Instructors

CA II includes one lead instructor and three to four additional instructors with consumer compliance examination experience. Other instructors include Board staff and other System examiners who have expertise in specific topics.